

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
Miami Division**

In re: **WILLIAM MERLO**

Case No. **15-25639-BKC-AJC**

Chapter **11**

Debtor, _____ /

DEBTOR'S DISCLOSURE STATEMENT

COMES NOW the debtor-in-possession, WILLIAM MERLO, who files herewith this Disclosure Statement in accordance with provisions of 11 U.S.C. Section 1125.

NO REPRESENTATIONS CONCERNING THE DEBTOR, HER FUTURE BUSINESS OPERATIONS, THE VALUE OF ITS PROPERTY OR THE VALUE OF ANY BENEFITS OFFERED TO HOLDERS OF CLAIMS OR INTEREST IN CONNECTION WITH THE PLAN ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY A CREDITOR OR INTEREST HOLDER. ANY SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR, WHO IN TURN, SHALL DELIVER SUCH INFORMATION TO THE U.S. TRUSTEE FOR SUCH ACTIONS AS MAY BE DEEMED APPROPRIATE. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO CERTIFIED AUDIT AND, EXCEPT FOR FINANCIAL PROJECTIONS, IS BASED TO A LARGE EXTENT ON INFORMATION MAINTAINED AND COLLECTED BY THE DEBTOR.

**YOU ARE URGED TO READ THIS DISCLOSURE STATEMENT CAREFULLY
IN ORDER TO OBTAIN ADEQUATE INFORMATION TO ENABLE YOU TO DECIDE
WHETHER TO ACCEPT OR REJECT THE PLAN.**

I. INTRODUCTION - NATURE OF BUSINESS

A. Personal and Business Description and History

WILLIAM MERLO, hereinafter referred to as the Debtor, is an individual. The debtor owns real property located at 1855 S. Bayshore Drive, Miami, Florida 3133. The property in addition to a residence generates rental income. There is a first position mortgage on the property held by Ocwen Loan Servicing, LLC. There an inferior mortgage held by the Bank of New York Mellon as successor to others. The debtor filed the case herein with the intention of modifying the first Mortgage. The debtor believed that the inferior mortgage held no equity position because of the value of the property at the time of filing. The property was the subject of a foreclosure action.

Because of the foregoing the debtor became unable to meet his obligations as they came due. The debtor filed this case in an attempt to further resolve his differences with with the secured lenders.

B. Summary of Events After Filing.

The debtor during the pendency of this case has stabilized his financial condition. During the pendency of this case the property has significantly increased in value. The value of the property is now believed to exceed the debt owed the secured creditors.

II. ASSETS AND LIABILITIES

The Debtors' assets and liabilities are substantially as disclosed in the respective

bankruptcy schedules as filed with the Court and are materially the same as of the filing of this case. The schedules are attached hereto and incorporated herein as Composite “A” and ”B.” An analysis of the claims filed of its own books and records indicates that the debtor should prove successful in mediation and reducing the amount of unsecured debt owed to its unsecured creditors significantly. The debtor has also attached Debtor in Possession Report that he has been required to file as of the filing of this Disclosure Statement sans attachments are attached hereto and incorporated herein as Composite Exhibit “C.”

III. SUMMARY OF PLAN OF REORGANIZATION AND MEANS FOR IMPLEMENTATION OF PLAN

The Plan which accompanies this Disclosure Statement sets forth with particularity the manner in which all claims will be paid. The Plan divides the respective creditors and equity security interest of the Debtor into respective classes, the classification and treatment of which are described herein:

For purposes of this Plan, the claims of each Debtor are classified as follows:

(A) Class I. The Bank of New York Mellon holds a first position mortgage and promissory note. The value of the property as of the filing of this case is approximately tow million two hundred thousand dollars (\$2,200,00.00). The debtor will pay beginning with the expected modification monthly payments based on an expected modification at four percent (4%), annual interest or less over thirty (30) years in including escrow for the ad valorem taxes. Any amount in excess of the mediated amount will be treated as a general unsecured claim.

(B) Class 2. The Bank of New York Mellon holds an inferior position mortgage and promissory note on the debtor’s property. The debtor will pay beginning after a determination of the value of the monthly payments based on an expected modification at four percent (4%),

annual interest or less over thirty (30) years in including escrow for the ad valorem taxes. The amount in excess of the mediated amount will be treated as a general unsecured claim.

(C) Class 3. This class is impaired and consists of general unsecured claims. This class shall receive a pro rata distribution of twenty five percent (15%) of allowed claims in equal monthly payments over forty eight (48) months beginning on the effective date of the debtors Plan of Reorganization. The plan payments will be equal to or in excess of those required to exceed the amount unsecured creditors would receive in a case under Chapter 7. The effective date of the plan will occur thirty (30) days after the date of confirmation of the Debtors Plan of Reorganization. The payments will continue for forty eight (48) months after the effective date of the plan unless the amount contemplated to be paid under the plan is paid earlier.

(D) Class 4. Administrative Convenience Class. This class is comprised of unsecured creditors with claims of one thousand dollars (\$1,000.00) or less or creditors who choose to reduce their claims to one thousand dollars (\$1,000.00). Creditors in this class will receive fifty percent (50%) of their allowed claims on the effective date of the debtor's plan of reorganization and the remainder of their allowed claims ninety (90) days after the effective date of the debtor's plan of reorganization.

(E) Class 4. The class consists of the partners or insiders of the debtor and will not be paid.

(F) Allowed Priority Tax Claims. As of filing of this Disclosure statement there are no priority creditors.

(G) Payment of Post-Petition Administrative Claims. All administrative claims, as allowed and ordered by the Bankruptcy Court, including fees payable pursuant to Section 1930 of

Title 28, U.S.C., shall be satisfied by payments in cash in full to the holders of such claims on the Effective Date, except to the extent the holders of such claims have agreed to different treatment or have been earlier paid and except for unpaid administrative claims which were incurred by the Debtor in the ordinary course of business. Unpaid administrative claims which were incurred by the Debtor in the ordinary course of business shall be paid the allowed amount of such claims by the Reorganized Debtor in the ordinary course of its business as such claims become due. The claims of professionals acting on behalf of the Debtor, including Debtor counsel, for reimbursement of fees and expenses, will also be paid on an administrative priority basis as provided herein. The debtor will pay all United States Trustee fees pursuant to 28 USC §1930(a)(6).

(H). Means for Execution and Implementation of the Plan.

1. New Value Infusion by the Debtor. The principal of the debtor will contribute any amounts needed by the debtor to fund the initial payment under the debtor's plan.
2. The debtor will fund, other than as described herein, any other payments due pursuant to the plan from her income, and the operation business interests.

From the foregoing, the Reorganized Debtor will make all payments required to be made on the Effective Date. These funds will also be used to make all administrative expense payments required under the Plan unless other treatment is agreed to. The amount required to fund the plan is unknown at the filing of the Disclosure Statement herein. Even though the amount needed to confirm its plan of reorganization is unknown, the debtor believes that the amount will not exceed fifteen thousand dollars thousand dollars (\$15,000.00).

All distributions will be sent to creditors at the address stated in the Debtor's Schedules of

Liabilities or as stated in a properly filed Proof of Claim. Neither the Debtor nor any other disbursing agent or any professional retained by them will have any obligation to locate creditors whose distribution or notices were properly mailed but nevertheless returned. Any creditor who fails to claim its distribution due under the Plan within ninety (90) days after a distribution has been delivered will be deemed to have no further interest in that distribution or any further distributions under the Plan.

All unclaimed distribution funds will be retained by the reorganized Debtor for five years pending a claim for such funds from any and all creditors with allowed claims initially unclaimed pursuant to the Bankruptcy Code.

The Debtor and the Reorganized Debtor retain the option of setting off against any claim, and any distribution made pursuant to the Plan in respect to such claim of any nature whatsoever, that the Debtor or the Reorganized Debtor have against the holder of such claim. However, neither the failure to do so nor the allowance of any claim under the Plan constitutes a waiver or release by the Debtor or the Reorganized Debtor of any claim that the Debtor or the Reorganized Debtor may have against the holder of such claim.

As of the Confirmation Date, all executory contracts and unexpired leases of the Debtors' estates not previously assumed will be rejected. The debtor believes the rejection claims will be minimal.

(I) Confirmation Procedure. Each impaired class of claims or interests is entitled to vote separately to accept or reject the Plan. If at least two-thirds ($2/3$) in amount and more than one-half ($1/2$) in number of all allowed claims or interests of a class vote to accept the Plan, the Plan will be deemed to have been accepted by that voting class.

The Debtor believes that the treatment afforded to all classes is "fair and equitable" and does not "discriminate unfairly."

(J) Duties, bond and compensation of the Disbursing Agent.

1. The Disbursing Agent shall be appointed as of the Confirmation Date and shall make the distributions provided for under the Plan.

2. The Disbursing Agent shall serve without bond and shall have no personal liability for any actions taken pursuant to and in accordance with the provisions of the Plan except for his own gross negligence, willful default or gross misconduct. Further, the Disbursing Agent shall have no liability for any acts he may commit or fail to commit while acting in good faith and in the exercise of his reasonable business judgment. The Disbursing Agent shall serve without compensation for services rendered or reimbursement for costs incurred.

(K) Unclaimed Distributions

1. If any distribution of funds under the Plan remains unclaimed for a period of ninety (90) days after it has been delivered to the holder entitled thereto, the Allowed amount of the Claim upon which such distribution was made shall be reduced then to zero dollars and such unclaimed distribution shall be returned to the Reorganized Debtor.

2. A distribution of funds is unclaimed, if without limitation, the holder of a Claim entitled thereto does not cash a check or return a check or if the check mailed to the holder at the address set forth in the Debtor's Schedules of Liabilities or set forth in a proof of claim filed by such holder is returned by the United States Postal Service as undeliverable.

3. Any funds unclaimed shall be forfeited by the holder otherwise entitled thereto, and all rights, title and interest therein shall thereupon vest in the Debtor

IV. FINANCIAL INFORMATION AND LIQUIDATION
ANALYSIS OF REORGANIZED DEBTORS

This Plan of Reorganization is proffered in the context of the financial information and projections for the Debtors and certain assumptions detailed herein, including the projected revenue this estate would generate in the event of a Chapter 7 Liquidation of Assets

A. Financial Information.

Financial information hereinafter presented is to be considered in the context of the Debtors' industry, which has been fully described in Section 1 of this Disclosure Statement.

Attached hereto and marked as Exhibit "D" is an analysis of the various claims which are classified under the Plan. This Exhibit demonstrates the approximate number of claims in each class and the approximate dollar amount of such claims.

B. Liquidation Analysis.

In the event of liquidation, after payment of all secured claims against the estate will be paid in the following order of priority: (a) cost of administration, including Trustee's fees, court costs, and fees for Debtor's counsel; (b) unpaid, ongoing, operating expenses incurred in the operation of the Debtors' business and post-petition operating expenses; (c) priority claims for taxes owing to the Internal Revenue Service, Florida Department of revenue, and the West Palm Beach county, Florida Tax Assessor; and (d) unsecured creditors.

All of the foregoing charges in the event of a Chapter 7 would be paid from the net proceeds of Liquidation after all secured obligations have been satisfied. In this connection, creditors should be appraised that together, the secured debt of the Debtor is such that the

Liquidation Proceeds will not be sufficient to satisfy secured debt, the assets of the debtor if liquidated would also include a distribution to the student loan (Approximately \$47,000.00), and the cost of administration of the liquidation including but not to Trustee, Trustee's attorney fees, auctioneer would result in little or no distribution to unsecured creditors.

In making a comparative analysis of the distribution to creditors in the event of Liquidation, creditors should therefore consider that the likelihood of funds being available for distribution to unsecured creditors is at best minimal. The companies are believed to be more valuable as going concerns than in Liquidation.

The Debtor has reviewed the assets of the company and has determined that upon Liquidation, there would be a significantly smaller distribution to its creditors of the estate herein as set forth in the attached Exhibit "E." The debtor has also attached the summary page of its filed debtor in Possession Reports as Exhibit "C."

C. Preference Analysis

A review of payments to creditors shows that no payments have been made to insiders within one year of the filing of the case herein. No payments made to creditors other than insiders out of the ordinary course of business and within applicable preference periods.

The principal of the debtor did however draw minimal salary for contemporaneous work performed on behalf of the debtor during the year prior to the filing of the case herein.

V. METHOD OF POST-PETITION OPERATIONS

During the period of implementation of the Plan of Reorganization, the Debtors' business affairs will be managed by her.

VI. PROCEDURES WITH RESPECT TO FILING OBJECTIONS TO CLAIMS

In order to share in the distributions being made to any class of creditors, a creditor must have timely filed a proof of claim on or before the date set by the Court and in the form required by the Bankruptcy Rules, unless the creditor's Claim was listed in the Schedule of Liabilities filed by the Debtors and that listing did not indicate the creditor's Claim as being disputed, contingent or unliquidated. Each individual creditor has the duty to ascertain the accuracy of its listing in the Schedule of Liabilities and to file a proof of claim in the event that it disagrees with the manner scheduled by the Debtors, or in the event that it is not scheduled at all by the Debtors. Certain Claims, called Rejection Claims, which arise from the rejection of unexpired or executory contracts, may be filed within thirty (30) days after the Confirmation Date.

The Debtor or any other party in interest has thirty (30) days from the Effective Date to object to the Allowance of any Claim including Rejection Claims, if any, unless the Bankruptcy Court extends the time for such objections. The Debtor has reviewed the claims docket and will have filed objections to any claims pursuant to Local Rule 3007(B) forty (40) days before the date set for the confirmation hearing unless otherwise directed by the court.

The failure of the Debtors, or any other party in interest, to object to or examine any claim for the purposes of voting on the Plan does not waive the rights of the Debtors or any other party in interest to object to such claims later in any way or seek any type of relief as might be appropriate except as limited by approval of this Disclosure Statement or the Debtor's Plan of Reorganization as approved by this court or by the Bankruptcy Code or the Rules of Procedure.

VII. PROVISIONS TO INVOKE CRAM DOWN PROCEEDINGS IF NECESSARY

If all of the applicable requirements of 11 U.S.C. Section 1129(a), other than Section 1129(a) (8) are found to have been met with respect to the Plan, the Debtor may then seek

confirmation pursuant to 11 U.S.C. Section 1129(b). For purposes of seeking confirmation under the Cram Down provisions of the Code, should that alternative means of confirmation prove to be necessary, the Debtor reserves the right to modify or vary the terms of the claims of the rejecting classes, so as to comply with the requirements of 11 U.S.C. Section 1129(b).

VIII. SPECIAL RISK FACTORS

Operations of the Debtors' business is impacted by all factors which affect its tenants. The Debtors' tenants are engaged in a variety of business areas. The Debtor is competitive with other renters of similarly situated commercial real estate in its area.

Certain substantial risk factors are inherent to most Chapter 11 Plans of Reorganization. If such Plans are accepted, it is usually because they represent a greater hope of return and dividends than a Chapter 7 liquidation. The risk factor between a liquidation and the additional administrative costs involved in a Chapter 7 liquidation case as opposed to the reorganization proposed herein must be considered by creditors. Inherent in the ongoing operation of the business, is the continued ability of management to maintain the operations of the Debtors as an ongoing business enterprise capable of making the payments reflected in the Plan. In that connection, creditors must examine the terms and conditions of the payments required under the Plan and the management experience, capabilities and financial resources of the owners and operators of the business.

ALL THE RISK FACTORS INHERENT IN A PLAN OF REORGANIZATION UNDER CHAPTER 11 ARE PRESENT IN THIS CASE. CREDITORS ARE URGED TO CAREFULLY READ THIS DISCLOSURE STATEMENT AND THE ANNEXED FINANCIAL STATEMENTS, TOGETHER WITH THE PLAN OF REORGANIZATION, IN FULL, SO

THAT AN INFORMED JUDGMENT CAN BE EXPECTED WITH RESPECT TO VOTING ON THE PLAN.

IX. CONCLUSION

The Debtor believes this Disclosure Statement provides adequate information and should be approved by the Court.

Dated at Miami-Dade County, Florida this 30th day of October 2015.

WILLIAM MERLO.

/S/

/S/

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